

PART I – THE SCHEDULE**SECTION B****SUPPLIES OR SERVICES AND PRICES/COSTS****B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED**

This is a Cost-Plus-Incentive-Fee (CPIF) contract that includes cost and schedule performance incentives. The Contractor shall be responsible for planning, managing, integrating, and executing the work as described in Section C, Statement of Work (SOW). The Contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as furnished by DOE) and otherwise do all the things necessary for performing in a safe, efficient, and effective manner.

B.2 CONTRACT FUNDING PROFILE

Subject to the availability of funds, the contract will be funded in accordance with the schedule provided below. Such funds shall provide for all allowable and allocable costs incurred and fee for the indicated fiscal year. Uncosted funds from prior years may be carried forward to subsequent years. It is anticipated that annual contract funding will be provided each year in the amounts as stated below.

(\$M)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Planned EM Available Funding	\$292*	\$463**	\$410**	\$316**	\$305**	\$281**	\$282**	\$281**	\$2,630**

* Includes \$97.3 Million reserved for activities included within the President's FY05 contingent budget request of \$350 Million. Accordingly, funding for these activities depends on satisfactory resolution of the legal uncertainty concerning certain reprocessing wastes pending litigation or by new legislation, and these activities will only be authorized to the extent that this issue is satisfactorily resolved.

** Funds available may be affected if the legal uncertainty concerning certain reprocessing wastes has not been satisfactorily resolved.

B.3 TOTAL CONTRACT TARGET COST, FEE, AND COMPLETION DATE

- (a) The target cost is \$_____. The target fee is \$_____. The total contract target cost and target fee are set at the contract completion date of September 30, 2012. (The total proposed contract target cost and target fee shall not exceed \$2,630 Million and the annual funding limitations detailed in B.2.)

- (b) The costs for transition activities, as defined in Section F.4, are \$ _____. There will be no fee for the transition period. Transition costs are excluded from the total contract target cost and are excluded from the funding profile in Section B.2. (The costs for transition activities shall not exceed the Contractor's proposed cost or \$8 Million, whichever is less.)
- (c) To the extent that actual costs for "grandfathered employees" of the INL defined benefit pension plan and post retirement medical benefits exceed \$23 Million for FY 2005, and/or \$40 Million annually thereafter, the Contractor may pursue a Request for Equitable Adjustment. Similarly, to the extent that such costs are less than \$23 Million for FY 2005, and/or less than \$40 Million annually thereafter, DOE and Contractor will enter into good faith negotiations to accelerate the scope of work or add additional work as per B.4(d) with these savings.

B.4 INCENTIVE FEE

- (a) Cost Incentive

The following cost incentive structure is established in association with a completion date of September 30, 2012:

Target Fee: \$ _____ (____ % of target cost)

Maximum Fee: \$ _____ (Maximum Fee must not exceed 15% of target cost)

Minimum Fee: \$ 0.00

Fee Calculation: The fee payable under this contract shall be the target fee increased by **thirty (30)** cents for every dollar that the total allowable cost is less than the target cost or decreased by **thirty (30)** cents for every dollar that the total allowable cost exceeds the target cost as specified in FAR 52.216-10 and subject to the maximum fee limitation above.

- (b) Fee Limitation

There will be a single fee pool under this contract. The total fee allowable to the prime Contractor and all of its members in a joint venture or limited liability company and/or subcontractors identified and considered a part of this contract shall not exceed the maximum fee specified in B.4(a).

(c) Schedule Incentive

The target cost to complete the scope of work included in Section C by September 30, 2012, will equal the Budgeted Cost of Work Scheduled (BCWS) in the ICP baseline for the contract period. Any fee earned pursuant to the cost incentive structure set forth in B.4(a) above, shall be reduced by \$5.0 Million for every 1.0% negative schedule variance realized against the target cost (total BCWS through September 2012), down to zero dollars.

- (d) The Government reserves the right to require the Contractor to perform additional work scope defined in Section C.8. If the scope of work defined in Sections C.1 through C.7 is accomplished earlier than September 30, 2012, and additional funding is available (either the target cost has not been reached or new funds are made available), the Contractor shall complete additional work scope as defined in Section C.8. This additional work scope must be approved by DOE and be completed by September 30, 2012. The specific work to be performed, the estimated cost, and the associated fee will be negotiated, and the contract modified accordingly, at the time additional work scope is proposed by the Contractor. Funding must be available to cover the costs and negotiated fee for any additional work scope. Fee earned as a result of completion of accelerated cleanup work will not be subject to the Maximum Fee limit stipulated in B.4(a) above.

B.5 ITEMS NOT INCLUDED IN TARGET COST

The following items are not included in the Target Cost of this contract. These activities are not included in the EM Funding Profile in Section B.2 (as listed in Section C.11). Separate funding will be provided if DOE authorizes such activities.

- (a) Waste disposal services that the Contractor may provide to the INL Contractor or other tenant Contractors on a cost reimbursable basis (such as hazardous waste disposal, low-level waste disposal post SDA closure, mixed low-level waste disposal)
- (b) TMI II Independent Spent Fuel Storage Installation operations and maintenance
- (c) Fort St. Vrain Independent Spent Fuel Storage Installation operations and maintenance
- (d) Execution of the National Spent Nuclear Fuel Program
- (e) Operations and maintenance of CPP-666 at INTEC (an OCRWM facility)
- (f) Performing chemical analysis of transuranic waste samples for other EM and non-EM entities

- (g) Energy Employees Occupational Illness Compensation Program Act costs
- (h) Disposal, or support for disposal, of transuranic waste, alpha-contaminated low-level waste and other waste stored in an above ground berm located at the Radioactive Waste Management Complex.
- (i) Shipping costs of foreign research reactor fuel receipts from non-paying countries

B.6 PROVISIONAL FEE PAYMENT SCHEDULE AND ADJUSTMENTS

(a) Scheduled Provisional Fee Payments

Scheduled provisional fee payments will be made quarterly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee (\% of Target Cost)}}{30.67} \times 0.75$$

The first two quarterly provisional fee payments will not be adjusted. Subsequent quarterly fee payments may be adjusted based on the evaluation criteria identified below.

(b) Provisional Quarterly Fee Payment Adjustments and Reductions

The Contracting Officer (CO) may adjust the provisional quarterly fee payment based on the validated cost and schedule variance and the status of the major milestones described in Section H.1(b)(4). In determining the appropriate adjustments to the provisional fee payment, the CO will use the following earned value definitions:

- (1) Cost Variance (%) is equal to the Budgeted Cost of Work Performed (BCWP) minus the Actual Cost of Work Performed (ACWP) divided by BCWP times 100%.
- (2) Schedule Variance (%) is equal to the BCWP minus the Budgeted Cost of Work Scheduled (BCWS) divided by BCWS times 100%.

(c) Termination

If this contract is terminated in its entirety, fee shall be payable to the Contractor consistent with the FAR clauses 52.249-6 “Termination-Cost Reimbursement” and 52.216-10 “Incentive Fee” incorporated in Section I of this contract. Nothing in this paragraph shall limit or restrict the application of the clause entitled “Termination-Cost Reimbursement.”

B.7 FINAL FEE DETERMINATION

- (a) The final fee determination will be calculated by the CO when the Contractor has completed all activities included in the SOW. The final fee determination will be based on the total cost of the contract and the completion date. The final fee payment will be the difference between the final fee determination minus the sum of quarterly provisional fee payments made during the period of the contract.
- (b) If the sum of quarterly provisional fee payments made during the period of the contract is greater than the overall fee that is calculated by the CO in his/her final fee determination, the Contractor shall reimburse the amount of fee already paid that is greater than that earned and shall pay interest to DOE in accordance with the prevailing Treasury rate(s) in effect at the time the payments were made.

B.8 STATEMENT OF COMMITMENT

DOE and the Contractor recognize the accelerated cleanup is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated cleanup. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

B.9 OBLIGATION OF FUNDS

Total funds in the amount of \$(TBD) are obligated herewith and made available for payment of allowable costs, and fee earned from the effective date of this contract through contract completion pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds."

B.10 SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (CHANGES TO TARGET COST AND TARGET FEE)

Changes that may affect the Target Cost will be as follows:

- (a) Changes Beyond the Control of the Contractor: When work under this contract is increased or decreased by approved changes to the Statement of Work, equitable adjustments to Section B, Target Cost, and corresponding Target and Maximum Fees, may be made, if necessary (i.e., the Contractor will submit documentation to show that the change impacts the Target Cost in Section B for evaluation and/or negotiation). Examples of these actions/events are provided in Table B.1. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.
- (b) Changes for Which the Contractor is Accountable: There are some actions/events for which the Government will not negotiate changes and the Contractor agrees

shall not constitute a change, to the Section B Target Cost and corresponding Target and Maximum Fees. Such changes will be maintained as a variance to ICP Project Baseline, as defined in Clause B.6 (the costs may be allowable, but the target cost and corresponding Target and Maximum Fees will not change). Examples of these actions/events are provided in Table B.2. These examples are not meant to be a complete listing of all possible events or all categories of events, but represent types of events in each category.

Table B.1 – Changes Beyond Contractor Control

New work (within the general scope of the contract) in a DOE direction to the Contractor, new regulatory requirements, and/or significant changes to a Record of Decision outside of the initial Statement of Work
Budget reductions by the Government below the levels identified in Section B.2
Significant changes to the unit costs of the mandatory embedded services prescribed in Section C.1.10 and Exhibit C.4

Table B.2 – Contractor Accountable (will not change target cost)

ES&H Violations or accidents by Contractor or subcontractor, including work stoppage, consequential investigations and impacts.
Fines or penalties imposed by DOE or other regulatory agencies due to the Contractor's action, or inaction. (This includes fines levied against DOE based on Contractor performance).
Changes in elective infrastructure service fees renegotiated by Contractor.
If contractor-proposed end states for high-risk facilities are not approved by regulatory agencies, then the additional cost and schedule risk for the alternative approach, ultimately approved by regulatory agencies, shall be borne by the contractor.